

City of Chula Vista
2003 Annual Growth Management Review Cycle

**24-MONTH and 5-YEAR
RESIDENTIAL GROWTH FORECAST
Years 2004 Through 2008**

January 2004

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INTRODUCTION

As a component of the City of Chula Vista's Growth Management Program, the City's Planning and Building Department provides annual growth forecasts for two time frames: 24 months and 5 years. Providing this information enables City departments and other service agencies to assess the probable impacts that growth may have on maintaining compliance with the City's facility and service growth management quality of life threshold standards. With this data, these bodies will be able to report possible threshold impacts to the Chula Vista Growth Management Oversight Commission (GMOC). The 24-month forecast covers the period from July 1, 2003 through June 30, 2005. The five-year forecast spans the calendar years from 2004 through 2008.

This forecast is commonly referred to as the Growth Management or GMOC forecast. It is important to note that this forecast:

- Does not represent a goal or desired growth rate;
- Is not a recommend cap;
- Is what is expected to occur given a set of explicit assumptions.

Based upon the results of the City's growth management review process, the GMOC will provide a set of recommendations for the purpose of maintaining the City's quality of life threshold standards. Those recommendations can include the addition or acceleration of capital projects, hiring personnel, changing management practices, or slowing the pace of growth.

This years forecast report highlights anticipated growth in the west and eastern portions of the City. Traditionally, most of the emphasis of the forecast was directed to the east, as that is where the vast majority of growth is taking place and will continue to take place for the next decade. However, based on the level of private sector interest, there will likely be an increase in in-fill and redevelopment in western Chula Vista, and as such should be noted. It should also be noted that this forecast report focuses on physical changes as evidenced by the addition of residential units. Western Chula Vista may also be undergoing growth in the form of demographic change as household size increases and more than one family may live in a residence. Such growth is not necessarily reflected in this report.

CONTEXT

As was widely reported in the media, in the year 2001, the City of Chula Vista was the 7th fastest growing community of its size in the nation. The San Diego Association of Governments' (SANDAG) Preliminary 2030 Growth Forecast indicates that the South County subregion will continue to host a substantial amount of the region's projected growth over the next 26 years. This growth stems mainly from the limited General Plan capacity in several cities in the county, as well as from the lower average price of housing in areas south of I-8. Based largely on the amount of vacant land within master planned projects in Chula Vista's eastern area, SANDAG projects that the City will add over 20,000 housing units and over 60,000 new residents between the years 2004 and 2030.

As last year, this report reflects a substantial inventory of potential development as a result of continued strong regional demand for housing and South County's increasing role in meeting this demand. Historically (Figure 1, also see Exhibit 1) the rate of housing construction in Chula Vista has fluctuated, with the years since 1993 indicating steady increases, leveling off in calendar year 2002.

The City has recently acted to moderate growth. On April 15, 2003 the Chula Vista City Council adopted a Permit Monitoring program. This program established the maximum number of permits that can be issued for selected major projects in eastern Chula Vista over three 12 month time periods, running from April 1 to March 31, beginning in 2003 (Figure 2). This action is intended to moderate growth over the next 3 years so that the City's Growth Management traffic threshold is not exceeded. The timing of the measure is set to coincide with the estimated completion of SR-125. The Permit Monitoring Program will have an effect over the number of units permitted in the next 2 to 3 years. The longer-term forecast is unaffected.

Even with a leveling growth rate and the Monitoring Program, the level of anticipated growth remains significant. In order for the City of Chula Vista to accommodate this growth and maintain the quality of life there must be the concurrent development of public facilities and services. It is the role of the Growth Management Oversight Commission (GMOC) to assess if the established quality of life standards are being met and to make recommendations to the City Council to insure future compliance. This forecast document is provided to the City Departments and outside agencies that are responsible for maintaining the thresholds. These departments and agencies are then asked whether they can support the forecasted growth.

Figure 1

Housing Units Permitted in City of Chula Vista 1984 to 2003

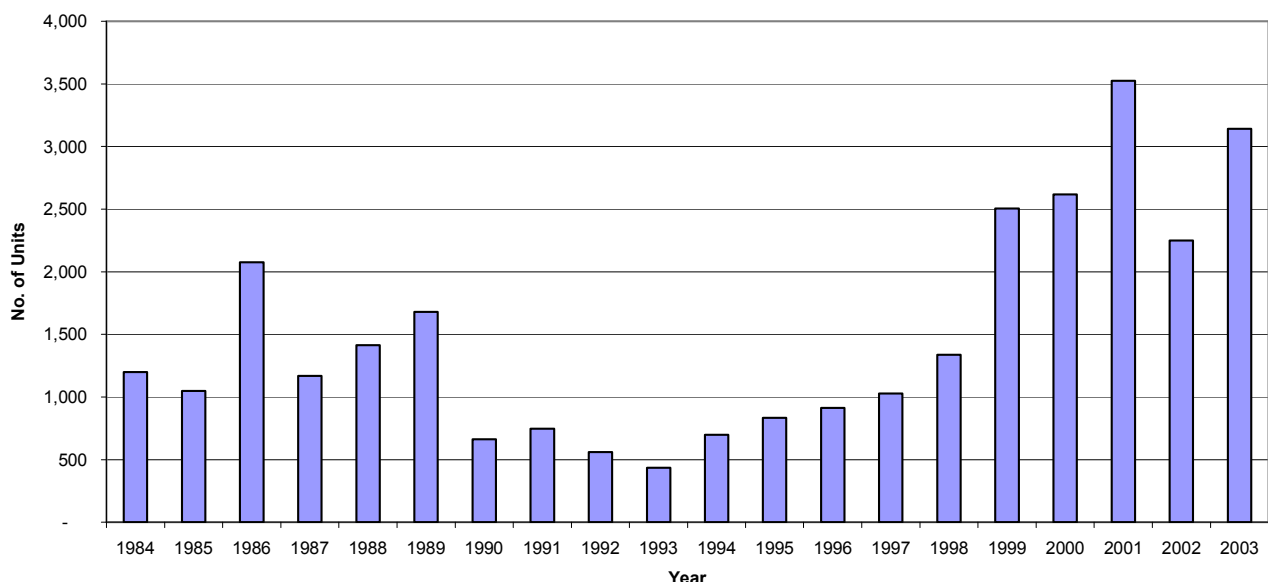


Figure 2

Limits on Monitored Projects

Year	
(April 1 to March 31)	Units Permitted
4/1/03 – 3/31/04	2,475
4/1/04 – 3/31/05	2,375
4/1/05 – 3/31/06	1,780
Total	6,630

Forecast Assumptions

This forecast is being developed with the following assumptions:

1. That construction of SR-125 proceeds.
2. There are no additional building caps imposed on development.
3. That public policy regarding development remains otherwise unchanged.
4. That Growth Management thresholds are not exceeded.
5. That the housing market remains strong in Chula Vista.

EASTERN CHULA VISTA

24 Month Forecast

Annually, the City requests developers to indicate the number of housing units they expect to receive building permits for and how many units are expected to be finished over the next 24 month period. Based upon the response (Figure 3a) the City can expect to experience continued significant housing development. During the 24-month period from July 2003 through June 2005 housing developers anticipate the issuance of building permits for 7,000 dwelling units, and the completion of 6,400 dwelling units. During just calendar year 2004 the figures reflect building permit issuance for 3,200 dwelling units, and completion of 3,800 dwelling units.

While such growth has the potential to occur, historically these “raw” numbers have been consistently optimistic resulting in overstating actual growth by a factor ranging between 18% for permits and 20% for finals. In that regard, the developer forecast for year 2004 housing permits and finals should be reduced to reflect the likely amount. Because the Permit Monitoring Program has placed a limit on permits, the developer forecast is already tempered relative to previous years. Therefore, instead of an 18% reduction in permits, a 12% reduction is applied; reducing the number of residential units receiving building permits. This results in an estimated 6,100 units permitted between July 2003 and June 2005, and 2,800 units permitted in calendar year 2004 for eastern Chula Vista. In like fashion, the number of finals is reduced by 14% instead of 20% (Figure 3b).

Figure 3a

**EASTERN CHULA VISTA
RESIDENTIAL DEVELOPMENT "RAW" DEVELOPER FORECAST
July 2003 – June 2005**

This is not a City of Chula Vista forecast and should not be quoted as such. These numbers represent developer expectations and have historically been approximately 18% to 20% higher than actual.

PROJECT	24 Month Forecast						Calendar Year 2004					
	Issued			Final			Issued			Final		
	MF	SF	Total	MF	SF	Total	MF	SF	Total	MF	SF	Total
OTAY RANCH												
Otay Ranch Co.	1,580	830	2,410	1,336	963	2,299	727	250	977	865	440	1,305
McMillin	284	395	679	200	317	517	106	184	290	160	159	319
Brookfield Shay Otay	372	593	965	228	536	764	186	286	472	120	359	479
EASTLAKE	1,045	563	1,608	654	793	1,447	489	270	759	554	477	1031
ROLLING HILLS RANCH	168	365	533	152	460	612	120	138	258	92	260	352
SAN MIGUEL RANCH	370	430	800	230	455	685	270	200	470	120	225	345
SUNBOW	0	0	0	55	0	55	0	0	0	0	0	0
BELLA LAGO	0	28	28	0	0	0	0	0	0	0	0	0
TOTAL	3,819	3204	7,023	2,855	3524	6,379	1,898	1328	3226	1,911	1920	3,831

MF = Multiple units under one permit, SF = One unit per permit, Issued = Building Permit issued, Final = Occupancy Permit issued.

Figure 3b

**EASTERN CHULA VISTA
ADJUSTED RESIDENTIAL DEVELOPMENT DEVELOPER FORECAST
July 2003 – June 2005**

	24 Month Forecast						Calendar Year 2004					
	Issued			Final			Issued			Final		
	MF	SF	Total	MF	SF	Total	MF	SF	Total	MF	SF	Total
Adjusted Developer Forecast	3,300	2,800	6,100	2,400	3,000	5,400	1,400	1,400	2,800	1,600	1,600	3,200

Year 2008 (5 Year) Forecast

Preparing a 5-year forecast always incorporates a significant degree of uncertainty. The current forecast period, years 2004 through 2008, offers an even greater challenge given the improving but sluggish national economy, the continuing war against terror and possible future domestic attacks, questionable rate of job creation, and interest rates at 40 year lows with upward movement likely.

It is anticipated that the next 5 years will produce as many as 11,400 additional housing units permitted for construction in eastern Chula Vista, for an average annual rate of 2,280 units. This number is derived from a variety of sources including housing market absorption rate studies; development utilization plans, and estimated project-processing schedules (Figure 4). This reflects a roughly 7% decrease over the previous 5 year forecast for eastern Chula Vista.

Essentially, by the year 2008 the only site in eastern Chula Vista available for major residential development will be the remaining Otay Ranch area. Based on the current Otay Ranch General Development Plan (GDP), there will be approximately 4,000 units remaining to be permitted (Figure 4). Unless there are density increases to the GDP or the University site is developed as housing, given the current rate of growth eastern Chula Vista could be built out between 2010 and 2012.

WESTERN CHULA VISTA

Western Chula Vista has not shown significant increases in housing since the growth management program was instituted. This situation is expected to change due to an increased level of infill, redevelopment, and possible density increases through the General Plan update. Growth in eastern Chula Vista is made up of a series of planned communities being built by a half dozen major companies, each with development schedules that can be quantified, and has an established market trend, making it relatively easy to assess. Western Chula Vista presents just the opposite situation. With the exception of the mid-bay front development proposal there are no master planned areas, there exists a plethora of potential development sites each with their own opportunities and constraints, multiple potential investors, and a housing market that is largely untested.

In the short term there are several projects in the approval process that constitute up to an additional 230 units that could be permitted within the next calendar year (Exhibit 2). In the mid-range, units that could be permitted between 2005 and 2008, there are several large and small private sector project proposals that are in various stages of discussion but without a formal approval or commitment to proceed. In addition, a rough analysis by SANDAG has indicated that between the years 2000 and 2030, assuming some land use intensification, there could be a net increase of 6,000 residential units in western Chula Vista. This equates to an average of 200 units a year net increase although the SANDAG estimate indicated that the added numbers would be skewed to latter years.

Although somewhat speculative, it is prudent to assume that residential development will increase in western Chula Vista, so that facility and service providers can be aware and prepare for this influx. Greater forecasting precision can be expected in coming years as the General Plan update and Specific Plans are completed and the infill/redevelopment process proceeds and housing markets are established. Based on the information today, it can be indicated that over the next 5 years we can expect an increase of 1,000 residential units in western Chula Vista with 10% of

these being single family, for a 900 to 100 multi-family vs. single family split. Historically, this number is large, but is an underestimation based on the level of interest, albeit without formal commitment. This number of units may also be spread over a large swath of western Chula Vista. This forecast assumes that there will not be a Mid-Bay Front project occurring in the next 5 years. These numbers should be revised upwards if such a project is realized.

Figure 4
Five-Year Residential Unit Growth Forecast 2004 Through 2008

Projects	Forecast of Units Permitted 2004 to 2008			Approximate Units Remaining After 2008		
	MF	SF	Total	MF	SF	Total
Otay Ranch	4,094	3,746	7,840	2,300	1,700	4,000
Eastlake	926	784	1,710	0	0	0
Rolling Hills Ranch	168	594	762	0	0	0
Bella Lago	0	140	140	0	0	0
San Miguel Ranch	411	518	929	0	0	0
Sub- Total	5,599	5,782	11,381	2,300	1,700	4,000
Western Chula Vista	900	100	1,000			
Total	6,499	5,882	12,381			

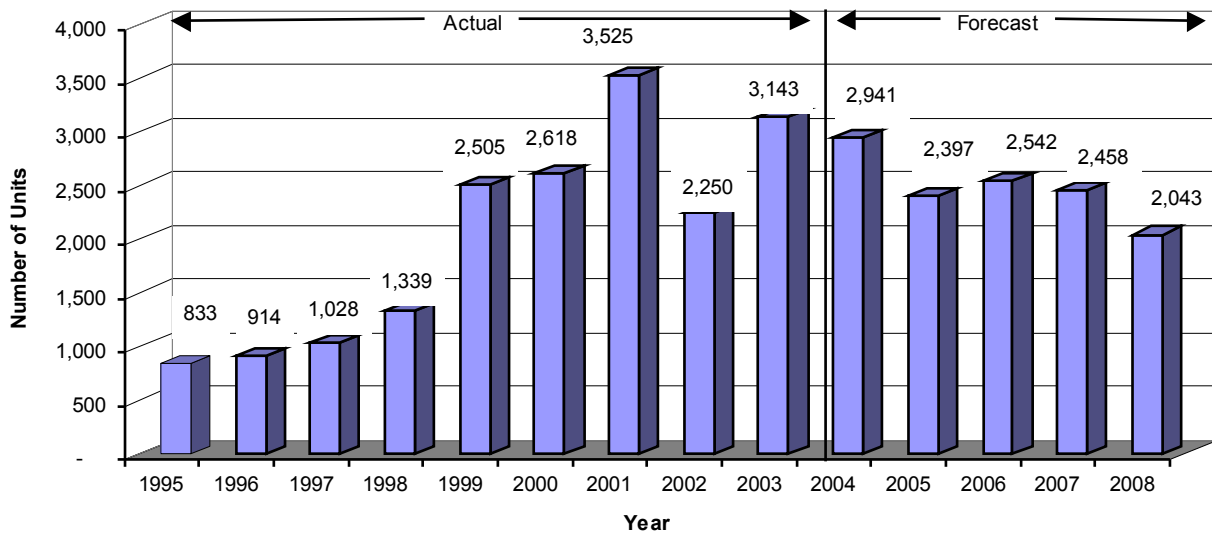
PERMITS BY YEAR

A year-to-year estimate of how many building permits will be issued has been developed for general planning purposes, but should not be relied upon for exactness. The total number of permits that will be issued over the next five years is reasonably certain however many variables may and will affect what the actual annual distribution will be. Figure 5 and 6 illustrates a possible growth path over the next 5 years.

Figure 5
**Approximate Number of Residential Units Receiving Permits
Years 2004 to 2008**

	Years				
	2004	2005	2006	2007	2008
East	2,841	2,232	2,342	2,218	1,748
West	100	165	200	240	295
Total	2,941	2,397	2,542	2,458	2,043

Figure 6
Residential Units Receiving Building Permits 1995 to 2003 Actual
and 2004 through 2008 Forecast



The Permit Monitoring Program, as referenced earlier, has placed limits on the number of permits that can be issued for selected projects in eastern Chula Vista, this includes Otay Ranch Villages 6 and 11, Eastlake III, and portions of San Miguel Ranch and Rolling Hills Ranch. The limit for the period from April 1 2003 to March 31, 2004 is 2,475, and 2,375 for the following 12 months. Actual permit will exceed this amount as they include units in western Chula Vista, affordable units and model homes which are excluded from the Permit Monitoring Program, and roughly 1,300 housing units in eastern Chula Vista in established projects that were not yet permitted but not subject to the Permit Monitoring Program.

FORECASTED POPULATION

A population forecast is derived using the number of homes constructed. The California State Department of Finance estimates that Chula Vista has on average 3.036 persons per household. Assuming that this factor is accurate and remains valid over the next five years, Chula Vista can expect a total population of over 245,000 persons by the end of 2008 (Figure 7 and Exhibit 1).

This is estimated as follows:

- At the end of 2002 the California State Department of Finance (DOF) estimated a Chula Vista population of 199,700.
- An additional 2,697 additional units were finalized and occupied by the end of year 2003.
- It is forecasted that an additional 12,381 units may be permitted-occupied between 2004 and 2008¹.

Using the DOF factor of 3.036 persons per housing unit, the analysis as illustrated in Figure 7, indicates a population of over 245,000 by the end of 2008.

Figure 7

Projected Population Change Table 2004 to 2008

Year	Additional Units	Population
2002		199,700
2003	2,697	8,188
2004 -2008	12,381	37,589
Population Year end 2008		245,477

¹ It is assumed that the number of units permitted in this period but still under construction will be the same degree of magnitude that are currently under construction, and therefore have a canceling effect.

EXHIBITS:

1 Historical Growth Table

2 Major Projects Map

Exhibit 1
HISTORIC HOUSING AND POPULATION GROWTH
CITY OF CHULA VISTA 1980 - 2003

CALENDAR YEAR	Units Authorized for Construction (Issued)		Units Completed (Finaled)		Certified Year End Population (State D.O.F.)*		
	No.	% Change	No.	% Change	No.	% Change	
1980	407		374		84,364		
1981	195	-52%	496	33%	86,597	2.6%	
1982	232	19%	129	-74%	88,023	1.6%	
1983	479	106%	279	116%	89,370	1.5%	
1984	1,200	151%	521	87%	91,166	2.0%	
1985	1,048	-13%	1,552	198%	116,325	27.6%	(1)
1986	2,076	98%	1,120	-28%	120,285	3.4%	
1987	1,168	-44%	2,490	122%	124,253	3.3%	
1988	1,413	21%	829	-67%	128,028	3.0%	
1989	1,680	19%	1,321	59%	134,337	4.9%	
1990	664	-60%	1,552	17%	138,262	2.9%	(2)
1991	747	13%	701	-55%	141,015	2.0%	
1992	560	-25%	725	3%	144,466	2.4%	
1993	435	-22%	462	-36%	146,525	1.4%	
1994	700	61%	936	103%	149,791	2.2%	
1995	833	19%	718	-23%	153,164	2.3%	
1996	914	10%	820	14%	156,148	1.9%	
1997	1,028	12%	955	16%	162,106	3.8%	
1998	1,339	30%	1,093	14%	167,103	3.1%	
1999	2,505	87%	1,715	57%	174,319	4.3%	
2000	2,618	5%	2,652	55%	183,300	5.2%	
2001	3,525	35%	3,222	21%	190,300	3.8%	*
2002	2,250	-36%	2,923	-9%	199,700	4.9%	*
2003	3,143	40%	2,697	-8%	207,888	4.1%	**
2004 - 2008	12,381				245,477		***

(1) Montgomery Annexation

(2) 1990 Census Figures 135,163

* Reflects Department of Finance (DOF) comprehensively revised population figures for the end of the referenced year.

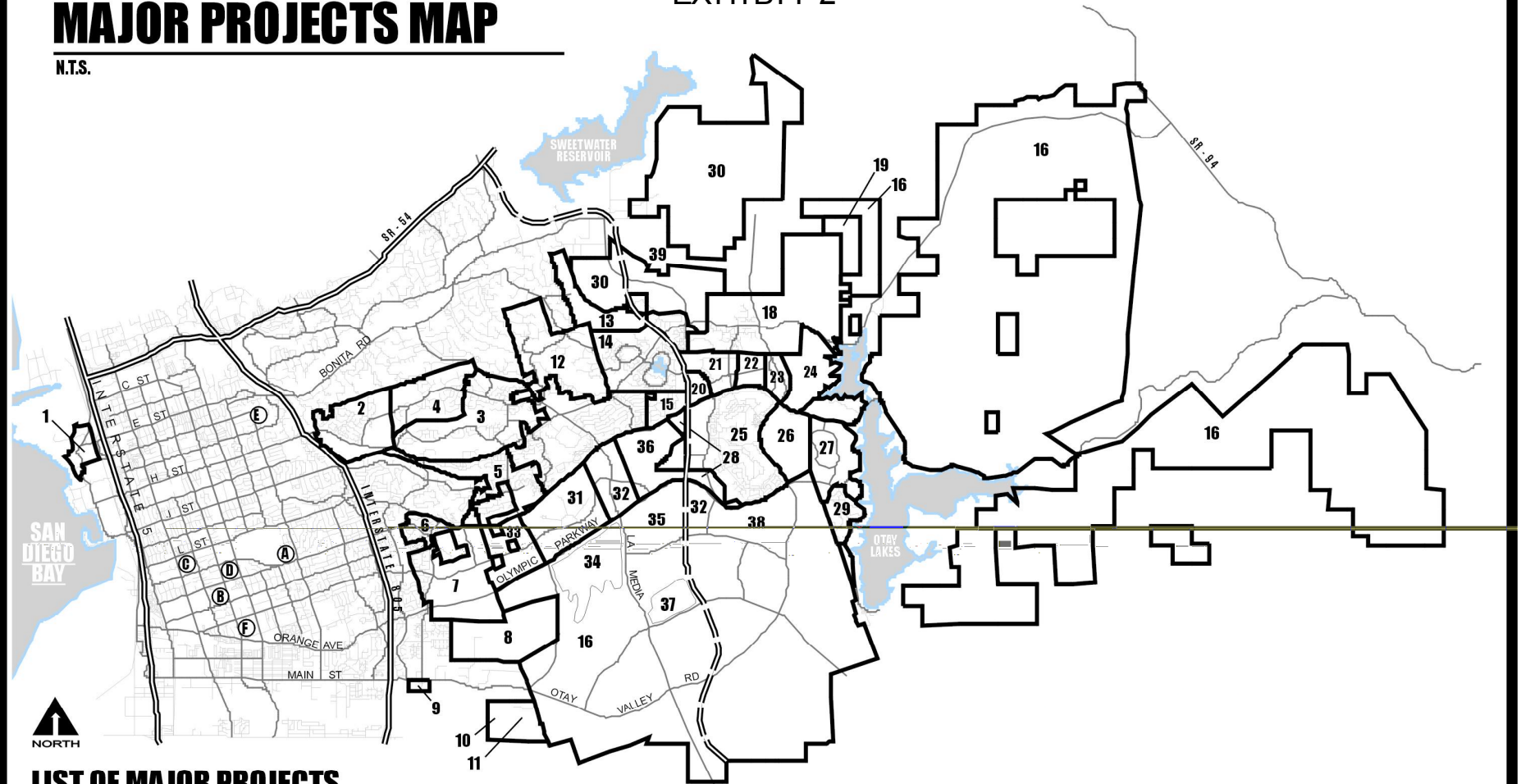
** Year 2003 population is an estimate based upon the number of residential unit finals multiplied by the State DOF unit size occupancy multiplier of 3.036.

*** Population is approximate based on the number of units permitted between 2004 and 2008. While a number of these units will be under construction at the end of 2008, there are currently an equivalent or higher number of units currently under construction this factor will maintain a reasonable level of accuracy.

MAJOR PROJECTS MAP

N.T.S.

EXHIBIT 2



LIST OF MAJOR PROJECTS

1	Mid Bayfront	13	Bonita Meadows	25	E.L. Greens	37	McMillin SPA I Village 7
2	Terra Nova	14	Eastlake I	26	E.L. Trails	38	New Millennium Village 11
3	RDR I	15	Telegraph Canyon Estates	27	E.L. Vistas	39	Vista Mother Miguel
4	RDR II	16	Otay Ranch (Other)	28	E.L. Landswap	A	Napoli Vista
5	RDR III	17	Rancho La Cuesta	29	Olympic Training Center	B	Villa Dorada
6	Rancho Del Sur	18	Rolling Hills Ranch	30	San Miguel Ranch	C	Cedar Avenue Homes
7	Sunbow	19	Watson Land Company	31	Otay Ranch Development SPA I	D	Moss Street Townhomes
8	Otay Landfill	20	Eastlake Village Center	32	McMillin SPA I	E	Villa San Miguel
9	Auto Park	21	E.L. Business Center I	33	Otay Ranch SPA I West	F	Vista Del Loro
10	Waterpark	22	E.L. Business Center II	34	Otay Ranch SPA I West Village 2		
11	Coors Amphitheater	23	E.L. Woods West	35	Otay Ranch SPA I West Village 6		
12	Bonita Long Canyon	24	E.L. Woods	36	McMillin SPA I Village 5		



CITY OF
CHULA VISTA
PLANNING DEPARTMENT